

# Ministerial Council Meeting



# 2018 Strategic Orientations of the Secretary-General

## Connectedness, Impact, Engagement: An OECD that Delivers Effective Multilateralism

Signs of frustration with multilateralism should not eclipse the many benefits that governments and people have derived from the system of international co-operation established since the end of World War II. Multilateral co-operation provides venues to resolve differences peacefully; platforms to agree on common rules of the game; mechanisms to better manage international flows of people, capital, goods and services; channels for exchanging ideas, data, experiences and practices so that countries can learn from each other. Global co-operation and integration has been critical to the impressive expansion of well-being and opportunities that we have witnessed over the past 70 years.

However, today multilateralism is at a crossroads. Its ability to deliver effective collective action that provides solutions to global challenges is increasingly being put to the test, and it has to meet higher demands for better globalisation outcomes

for people. This creates an environment where some governments would prefer to advance their policy goals through national or ad hoc responses, rather than through multilateral ones. The fact that many people and communities feel left behind



Justin Trudeau, Prime Minister of Canada, with Angel Gurría, OECD Secretary-General, during a bilateral meeting in Paris, 16 April 2018.

Photo: OECD/Hervé Cortinat



Angel Gurría, OECD Secretary-General, with the OECD Intern Circle, Paris, 29 January 2019. Photo: OECD/Hervé Cortinat

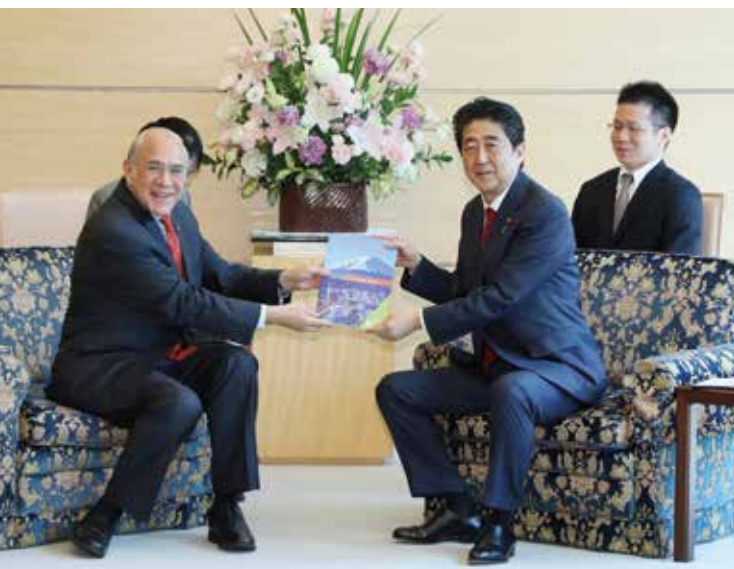
by globalisation and excluded from the benefits generated by greater interconnectedness and collaboration across borders is contributing to this dynamic, as we discussed at last year's Ministerial Council Meeting. Populist and protectionist trends are a source of concern, as is the proliferation of fake news: these call into question the role of organisations like our own, which stand for openness and international co-operation and which base their policy recommendations on solid analysis rooted in facts, evidence and rigorous indicators.

Despite its achievements, it is evident that the multilateral system needs to adapt to new demands and a rapidly changing context characterised by new geometries in geopolitics and the international economy, including the growing importance of emerging economies, increased interconnections across countries and between people, as well as the anxiety caused by the pace at which digitalisation, demographic trends and new technologies are transforming our economies, our societies and our lives. Multilateralism should also help provide answers to those left behind by the globalisation process. Indeed, in many areas our policy responses

are trailing behind: the financial and economic crisis that started in 2008, the growth of inequalities of income and opportunities, cross-border competition distortions, the perception of fiscal unfairness, the risk of climate change and natural resource depletion and the dark side of growing interconnectedness (illicit flows, cybersecurity threats, terrorism financing, etc.) have created a sense that we have failed to keep pace with the globalisation of economic activity. This has led to a questioning of multilateralism itself. And failing to react to this increasing uneasiness runs the risk of a reversal in international co-operation, with serious consequences for peace, progress and well-being around the world.

The ability to move forward and adapt multilateralism to the times we live in depends on the readiness of sovereign countries to do so. Multilateralism is not an end in itself, nor is it the only tool that countries have at their disposal. But in many areas it remains the most concrete and effective way countries have to design, develop and deliver the right policies for improving people's lives. The growing cross-border flows of people, goods, services, assets, data and knowledge have considerably expanded the range





Angel Gurría, OECD Secretary-General, with Shinzō Abe, Prime Minister of Japan, holding the Better Policies report on Japan, Tokyo, 12 April 2018.  
Photo: Government of Japan



Angel Gurría, OECD Secretary-General; Esteban Moctezuma Barragán, Minister of Education of Mexico, and Gabriela Ramos, OECD Chief of Staff and Sherpa, present *The Future of Mexican Higher Education: Promoting Quality and Equity* and *Higher Education in Mexico: Labour Market Relevance and Outcomes*, Mexico D.F., 10 January 2019. Photo: OECD/Luis Silva

of global policy challenges that cannot be handled by any one country alone. This interconnectedness also means that different countries are increasingly confronting related domestic policy challenges at the same time. While national circumstances are different, countries can benefit from sharing best practices and learning from each other's experiences in addressing similar issues. This can lead to greater international co-operation and, eventually, to more effective forms of collective action. As such, the key question for an institution like the OECD is how to continue distilling best practices and providing the evidence on the benefits and outcomes from working together, in order to ensure that countries display the necessary level of ambition and harness their power to jointly address the challenges faced by our people and our planet. This is the best response that we can give today to all those who are disillusioned with the current multilateral system and tempted to disengage from it.

The OECD was born out of the need of like-minded governments to find common responses to shared challenges. Through its working methods, statistics, research, policy recommendations, instruments, standards and sharing of best practices, our Organisation has been an active contributor to the multilateral system for over half a century, providing leadership and support in several areas including economic growth, productivity, migration, employment, development, taxation, education, health, climate change, trade and investment, to name just a few. The OECD, as a leading standard setter and “do-tank”, can actively support our Members and Partners in their efforts to tackle the challenges of our time by helping make multilateralism more agile and effective. We offer a unique combination of reliability and flexibility that can be particularly suited to the current transitional phase of multilateralism. As the Organisation approaches its 60th anniversary in 2021, and our Members seek to reshape multilateralism in a way that better addresses their demands, the Secretary-General's Strategic Orientations for 2018 focus on 3 principles targeted at maximising the value added that we can provide:

- **Connectedness:** How can the OECD be most useful in helping countries understand the effects of interconnectedness between people, economies and systems and reap the benefits through multilateral co-operation?
- **Impact:** What are the specific policy areas on which the OECD should focus given both its greater value added and skills set?
- **Engagement:** What are the transformations that the OECD needs to undertake to deliver at its best?

Linking all these pieces together, the OECD can produce the best analysis to explain current megatrends, and can support its countries in how to respond to them.

**CONNECTEDNESS: How can the OECD be most useful in helping countries understand the effects of greater interconnectedness between people, economies and systems and reap the benefits through multilateral co-operation?**

In the 2011 OECD Vision Statement, coinciding with the 50th anniversary of the OECD, Members underscored their resolve to make the OECD a more effective and inclusive global policy network to ensure its continued influence improving the well-being of people in a rapidly changing world. Seven years later, in a context characterised by a rising backlash against globalisation and rapid erosion of the trust in the multilateral system and the institutions underpinning it, the OECD has an important role to play as our countries rethink the contours of a new multilateralism that responds to today's needs.

Greater interconnectedness between the world's economies and societies does not in itself offer a way forward. But rather than disconnecting or withdrawing behind national borders, countries need to agree on the need to fix and improve a system that has served us well but now needs to deliver better. For the OECD, six proposed pathways would be instrumental in

our efforts to support countries at a moment when multilateralism is being questioned and when we need to join forces to show that it remains the best tool to address the many challenges that we face. These proposals are based on the reflections of the Secretary-General. To move them forward, he will consult with Members on their value and possibilities.

### Six proposals

1. Increased coherent approach to the international policy agenda
2. Cross-committee connectedness
3. Incubation of standards and effective implementation
4. Increased IO coordination
5. OECD regional networks
6. High-level Advisory Group to the Secretary-General on effective and agile multilateralism



Angel Gurría, OECD Secretary-General, with Mauricio Macri, President of Argentina, at the G20 Leaders Summit, Buenos Aires, 30 November 2018.  
Photo: G20 Argentina



Meeting of the OECD Council at Ministerial Level, OECD, Paris, 30 May 2018. Photo: OECD/Hervé Cortinat

### 1. Increased coherent approach to the international policy agenda:

Helping inform and advance the agenda on international co-operation remains a top-priority for the OECD. This implies being sometimes the 'best supporting actor', especially with regards to UN-led processes like the 2030 Sustainable Development and Paris Agreement Agendas. We can assist countries in implementing the SDGs, helping to measure their distance to targets, assisting with national strategies, and leveraging financing for development. The OECD has one of the most comprehensive databases on all policy-making areas,

which has proven useful as Members advance their implementation of the SDGs. Likewise, based on our economic and financial perspective, we will continue to contribute to the fight against climate change and promote the alignment of policies for the transition to a low carbon economy, collaborating closely with UNFCCC, and working with the IEA, NEA and ITF in their respective areas of expertise. We will support governments to achieve their Nationally Determined Contributions set forth in the context of the Paris Agreement. We will help enhance policy coherence on adaptation and mitigation policies and we will





contribute to the mobilisation of resources for green finance. Our contribution to global agendas extends to other areas like international migration (where we have more than 40 years of experience tracking migration flows and policies) and disaster risk reduction. In other domains, like education and the international fight against tax avoidance and evasion, we should continue to lead by applying our expertise and comparative advantage. We will remain active in supporting the G20 and G7 Presidencies, as well as other international fora, and informing the policy agenda to which we contribute regularly. Our

involvement in all these agendas and the strategic partnerships we are developing with several leading institutions on Systems Thinking, anticipation and resilience puts the OECD in a unique position to support greater innovation, effectiveness, coherence and consistency of policy efforts to address the critical global issues facing humanity.

- **What's next?** One of the main strengths of the OECD is its multidisciplinary. We propose to continue leveraging this capacity to help monitor and establish interlinkages among different sectoral international agendas, so they can be better coordinated and rationalised, spill-over effects can be more closely accounted for, and synergies across areas can be more effectively leveraged and maximised. We can contribute to avoid a siloed approach. The OECD's active engagement in relevant processes, initiatives and fora championing such agendas provides a unique opportunity to foster a more coherent approach to global challenges by the international community. Further leveraging of the Inclusive Growth and New Approaches to Economic Challenges (NAEC) initiatives, our strategic foresight capacity and our environment work across the OECD will be instrumental in helping inform a more coherent and interconnected agenda to address global challenges and in anticipating emerging risks.

**2. Cross-committee connectedness:** The OECD's ultimate ability to help countries reshape the multilateral system will rely on continuing to provide well-founded and reliable expertise upon which Members and Partners can advance better policies for better lives. A top priority of our Organisation should be to continue providing the best statistics, along with evidence-based analysis and recommendations, anchored in the state-of-the-art research carried out by the Secretariat and the reality check and quality control provided by our committees. This is a unique combination that links to governments' priorities and enhances impact. The OECD's benchmarking and peer review mechanisms

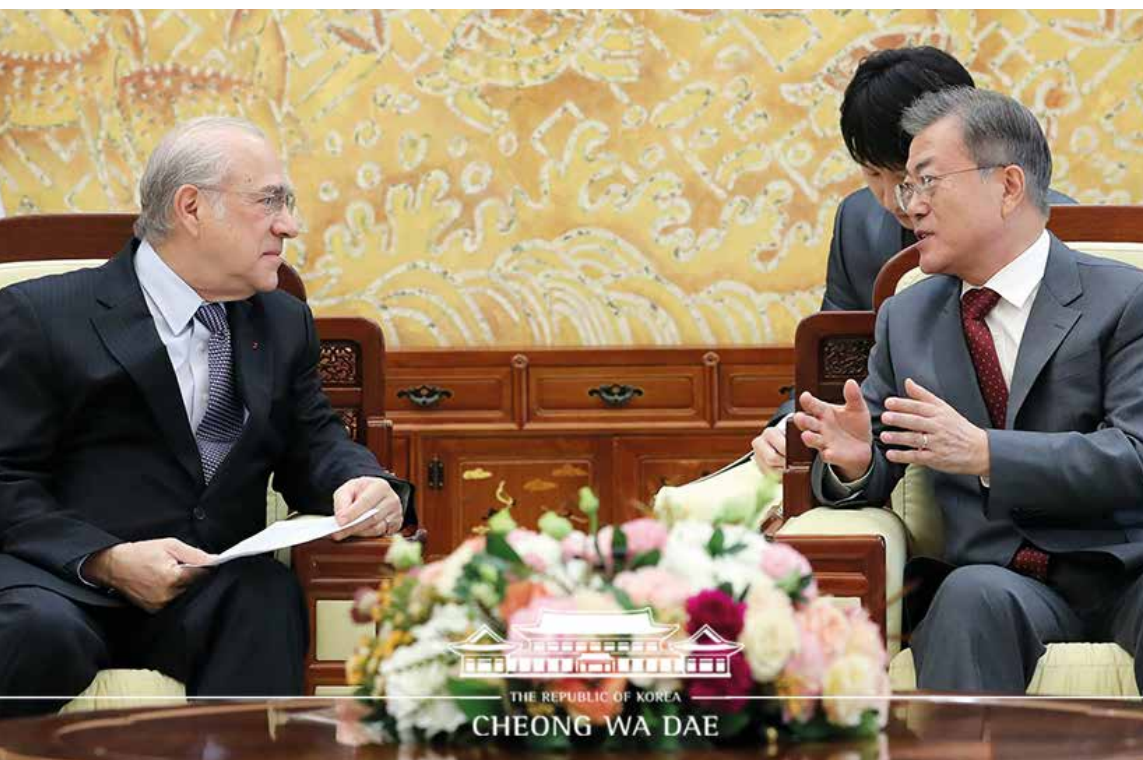
allow the distillation of best practices that can help guide multilateral agendas. To do so, we need to build more and better bridges across policy communities, in order to better understand complexities and spill-over effects. This implies connecting more and better the work of our committees, in the same vein that we have done across directorates, by enhancing horizontality and linking the dots across policy areas.

- **What's next?** We propose to look at ways to foster the regular interaction and exchange among OECD committees and experts groups, focusing on creating venues, tools and institutional mechanisms to do so. A concrete step would be scaling up the annual effort to bring together the Chairs of Committees in the context of the MCM. A reinforced community of committee chairs and delegates can help the OECD identify areas where it can be most effective and useful to the international community, exploiting synergies and anticipating trends. We will work with committees

to organise more joint meetings to advance cross-sectoral approaches, especially around the topics at the core of the global policy agenda (development, climate, digitalisation, migration, etc.).

### 3. Incubation of standards and effective

**implementation:** Good research, analysis and best practices need ultimately to translate into better policies in order to benefit people's lives. We need a globalisation based on clearly defined and accepted rules that apply equally to everyone. We need a race-to-the-top in terms of appropriate and robust international norms and standards that level the playing field. The OECD is a reference in several areas ranging from corporate governance, anti-corruption and integrity, responsible business conduct and competition, to taxation and environmental practices. This expertise has helped countries advance international rules of the game in these different areas. While we complete the on-going review of our standards to ensure that they are fit for purpose and



📍 Bilateral meeting of Angel Gurría, OECD Secretary-General, and Moon Jae-in, President of Korea, Seoul, 26 November 2018.

Photo:  
The Republic of Korea,  
Cheong Wa Dae

📍 Dr Abdullah Abdullah, Chief Executive of Afghanistan, signs the guestbook with Angel Gurría, OECD Secretary-General, Paris, 21 November 2018.

Photo:  
OECD/Andrew Wheeler



maintain their relevance and impact, growing citizen discontent illustrates the pressing need to ensure broader coverage and effective implementation among member and partner countries alike, as well as to accelerate standard setting in critical areas underpinned by rapid technological change.

- **What's next?** We propose sharpening the reach and effective implementation of existing standards, and exploring areas where the OECD could play a useful role in helping develop further multilateral collaboration, especially those affected by new technologies. We need to redouble our efforts to get major non-OECD economies to join key OECD instruments. We will phase out standards that may no longer be needed. Most importantly, we need to explore synergies across international instruments and standards in order to contribute to a more coherent and effective multilateral legal framework that can help level the global playing field and ease off tensions on trade and foreign investment.

**4. Increased IO coordination:** International Organisations (IOs) are key actors in the current multilateral system, leveraging collective knowledge through their expertise. It is only natural that, respectful of each other's mandates and work, IOs mutually reinforce and improve their coordination in order to make multilateralism work and deliver better results. For the OECD, with its multidisciplinary expertise in many dimensions of public policy-making, ensuring complementarity and synergy with the work of other IOs is crucial. In particular with the UN system and Bretton Woods institutions, we promote this coordination on a regular basis, often in the context of mandates for collaboration on specific areas emanating from international fora like the G20 and G7. Several flagship reports and policy dialogue initiatives are jointly undertaken with other IOs, a co-operation that enhances the relevance and impact of our work and helps leverage the different angles with which we approach single issues. The OECD has also facilitated the setting up of an IO partnership on



➡ From left: Vincent Fouchier, Chair, OECD Working Party on Urban Policy; Ulrik Vestergaard Knudsen, OECD Deputy Secretary-General; Lamia Kamal-Chaoui, Director, OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE); Angel Gurría, OECD Secretary-General; Juliette Foster, TV and radio presenter; and Aziza Akhmouch, Head of the City, Urban Policy and Sustainable Development Division in CFE, 7th OECD Roundtable of Mayors and Ministers: Mayors, Ministers, Megatrends - Principles for Collective Action, Athens, 19 March 2019.

Photo: OECD



international regulatory co-operation. However, coordination among IOs can be further improved. Effective multilateralism demands closer coordination among us, so that we can better serve our member countries and support their global agendas.

- **What's next?** We propose to work with other IOs with a view to establish an annual stock-taking by the heads of the most relevant IOs to discuss how our institutions can better coordinate, exploit synergies, avoid unnecessary duplications and improve the alignment and synchronisation of our respective corporate strategies, to the benefit of our Members, their priorities, and the international community as a whole. Fully respectful to each Organisation's core activities and respective programmes of work, this stock-taking could improve coordination in a more regular, structured manner.

**5. OECD regional networks:** OECD membership is one of the most powerful mechanisms through which the OECD helps to enhance the effectiveness of multilateralism, as countries that undergo an accession process upgrade their policies to OECD standards and commit to an agreed set of international rules. The Organisation's global relations strategy acknowledges that the OECD does not aspire to universal membership. Key Partner, Country and Regional Programmes offer a valuable channel to bring non-members closer to OECD instruments, policies and practices, resulting in more widespread acceptance of our standards. The large membership of non-OECD countries in the Development Centre and the participation of non-members in different committees and working groups has also contributed to deepen engagement and enhance the global relevance of the Organisation. However, the current discussions on accession illustrate the special attractiveness

of OECD membership. There is a risk of eventual disengagement and distancing by countries that cannot be given this option by existing Members in the foreseeable future.

- **What's next?** We propose to strengthen the OECD's global relations strategy with a view to gradually consolidating stronger OECD networks in regions prone to move closer to OECD practices and standards. This could be a valid response to the Organisation's aspiration to make its standards and policies count on a global scale without becoming a universal Organisation. Building on the work and programmes already in place, these would be well-established, more ambitious mechanisms for regular dialogue, collaboration and exchange of experiences and would identify further areas of interest for Committees and Directorates to increase collaboration with Partners. South East Asia, Eurasia, South East Europe, MENA, Africa and Latin America are the basis for this reinforced co-operation. Key Partners, the beneficiaries of Country Programmes, OECD Development Centre Members and specific countries with a strong willingness to join the Organisation but whose aspiration for eventual OECD membership cannot presently be satisfied could be leaders in this endeavour.

#### 6. High-Level Advisory Group to the Secretary-General on effective and agile multilateralism:

The OECD can contribute to the reflection on how to improve the functioning of the existing multilateral system. Its particular value added and experience in developing solutions that have been effective in addressing global challenges can shed valuable light as Members consider how multilateralism needs to adapt to a new context and become more effective and agile. Our expertise on governance issues can also be particularly useful. We need to analyse the processes that have been successful in addressing global challenges and learn from them. The OECD can help facilitate the reflection and dialogue on the characteristics of the new multilateral system that our countries need, based on past experiences of success and failure.

- **What's next?** The Secretary-General will call a High-Level Advisory Group to help us reflect on the future of multilateralism. The group will take stock of current discussions on multilateralism, both at the OECD and in other international fora. It could provide a non-binding report to the MCM 2019 on how to make multilateralism more effective and agile, for consideration by Member countries.

#### IMPACT: What are the specific policy areas on which the OECD should focus given both its greater value added and skills set?

We propose 5 priorities that should help guide our activities in different policy domains in order to ensure the continued relevance of our Organisation. These substantive priorities are the result of two interplays. On the one hand, there is the interplay between the spheres of domestic and international policies, increasingly interlinked and mutually affecting each other. On the other hand, we see



Angel Gurría, OECD Secretary-General, welcomes Carlos Alvarado, President of Costa Rica, at the OECD, Paris, 13 November 2018.

Photo: OECD/Victor Tonelli





📍 Ludger Schuknecht, OECD Deputy Secretary-General, and Hendrik Hoppenstedt, Minister of State to the Chancellor of Germany, Berlin, 6 November 2018. Photo: OECD

📍 HM Felipe VI of Spain and Angel Gurría, OECD Secretary-General, at the World Economic Forum, Davos, 25 January 2018. Photo: OECD

the interaction between the 3 “Ps”: the individual (people), the socioeconomic system (prosperity) and the larger ecosystem (planet). These 5 substantive priorities are duly aligned with my most recent Strategic Orientations and the 21 x 21 *Agenda*. They also reflect the priorities expressed by Members in recent exchanges related to the preparation of the 2019-2020 Programme of Work and Budget, including the Ambassador’s Informal Convergence Paper.

### Five substantive priorities

1. Measuring and promoting well-being, sustainability and inclusiveness
2. Renewing the social contract
3. Harnessing productivity and competitiveness
4. Preparing for digital transformation
5. Levelling the playing field

**1. Measuring and promoting well-being, sustainability and inclusiveness:** The OECD’s mission is to promote better policies for better lives, and in order to do so we need to further consolidate our transformation from an Organisation focused mostly on measuring and encouraging traditional economic growth to one that also concentrates on improving people’s well-being and the quality, equity and environmental effects of growth. The OECD’s participation in this paradigm shift is indispensable. It implies building on the report *Towards a New Narrative*, developed by NAEC, and on our Inclusive Growth, Better Life and Green Growth initiatives, as well as on the new Jobs Strategy, ultimately delivering a new growth narrative that can help guide policy-making. The Economic Development and Review Committee provides a unique platform for peer reviewing by countries of their progress towards resilient, inclusive and sustainable growth. We will continue to review and upgrade our models, research and policy

analysis by incorporating a more comprehensive, multidisciplinary approach, including through the greater use of microdata, big data and new sources of information. We will build on our global leadership in measuring the access to and quality of public services, especially health and education, to focus more on the satisfaction of citizens with these services and outcomes, including through the PaRIS initiative. We will also pay greater attention to housing and other aspects related to well-being. The alignment of social policies with the concerns of citizens will determine the future work of the Organisation on this area. It is very important that we continue to go from research and analysis to supporting implementation, from words to action, from thinking to doing. This implies that in our communications we focus more evenly on the qualitative aspects of growth and well-being, as well as on quantitative ones. Ultimate policy impact is what counts.

- **What's next?** We need to weave the inclusive and sustainable growth agendas even more closely together. The continuing increase in inequalities of income and opportunities in many member countries makes this necessary. The completion of the policy framework on Inclusive Growth, with its multidimensional measurement of living standards, will contribute to advance policy solutions. Likewise, we will continue to broaden the scope and accuracy of our measurement tools, going beyond GDP. The 6th OECD World Forum on Statistics, Knowledge and Policy, which will take place next November in Incheon, Korea, will help add political momentum to this endeavour. Our efforts to measure, analyse and understand the transboundary spillover effects of domestic policies in the 2030 Agenda, including through data on development, as well as the micro-data we have collected on the contribution of MNEs and their behaviour within Global Value Chains, also have great potential for improving our frameworks. Ten years after the start of the financial crisis, the NAEC project on intergovernmental resilience

being developed with several Members will help governments to manage, coordinate and better address threats that are international in scope, from financial contagion and ecological disasters to cyber-threats and disease epidemics. The establishment of a high-level advisory group on a new growth narrative in the context of NAEC will help us advance better solutions to build a more equitable and resilient circular economy, grounding it on solid theoretical bases. Our partnerships with Oxford University, the London School of Economics, the International Institute for Applied Systems Analysis and the Joint Research Centre of the European Commission will help in this regard.

**2. Renewing the social contract:** The OECD has an instrumental role to play as many of our countries explore the foundations of a renewed social contract that can improve citizens' trust in their governments, institutions, business sector and international institutions. Increasingly complex global trends – such as financial, currency and sovereign debt crises; the refugee crisis; and global threats like terrorism and climate change – make people question whether these challenges can be overcome and prosperity and well-being can be preserved. Globalisation and digitalisation, as well as demographic changes, are challenging the traditional approaches to social policy. Income and wealth inequality, which have been rising in many countries, risk fraying the fabric of societies and cast doubts on people's beliefs in theirs and their children's ability to move up the social ladder. Inclusion of historically disadvantaged groups, such as racial and ethnic minorities, migrants, people with disabilities, and LGBT people needs continued attention. Decisive policy action, starting at early ages and lasting throughout the life-course, is needed to prevent ageing unequally. And while some progress has been made to close gender gaps, large disparities between women and men still remain. We will not succeed as a society as long as half of our populations do not enjoy the same chances in life. Policies will need to provide security without stifling entrepreneurial dynamism

through high costs and burdensome bureaucracy. Drawing on its large body of work, the OECD can provide guidance and support policies that address these trends and correspond to the needs of all groups: older people, youth and children, the poor, the marginalised, and the middle class. With its expertise on good governance and best practices in terms of transparency, integrity and efficiency in the public sector, our Organisation can help governments meet citizens' expectations. The OECD can also contribute to prioritise work on the well-being of children, from early childhood education and care to the elimination of child labour in all forms, particularly the trafficking of children and abolition of modern slavery. Renewing the social contract also implies an intergenerational pact of solidarity that preserves biodiversity and prevents the depletion of our planet's resources. Analysing the social and behavioural foundations of both short and long-term co-operation (beyond political cycles) to develop a

better understanding of the measures that can help rebuild trust within society will be key.

- **What's next?** The OECD can contribute to a reflection on a renewed social contract in which citizens feel they are an integral and active part of society. A narrative on how the state can act – on the one hand as an enabler to empower every citizen to fulfil his/her full potential, and on the other by contributing to a positive business environment – is becoming increasingly necessary. This is particularly true when providing opportunities for the bottom 40% in education, skills, jobs, housing and other aspects critical for people's well-being. Taking into account that each country faces a different reality, we can deliver key support to governments in redefining societies adapted to the 21st Century, in which the borders between domestic and global policies are increasingly blurred and the enabling role of the



● Michaël Jeremiasz (third from left), Co-founder of the association *Comme les Autres* with members of the association, after speaking at the OECD as part of the Coffees of the Secretary-General series, Paris, 30 October 2018.

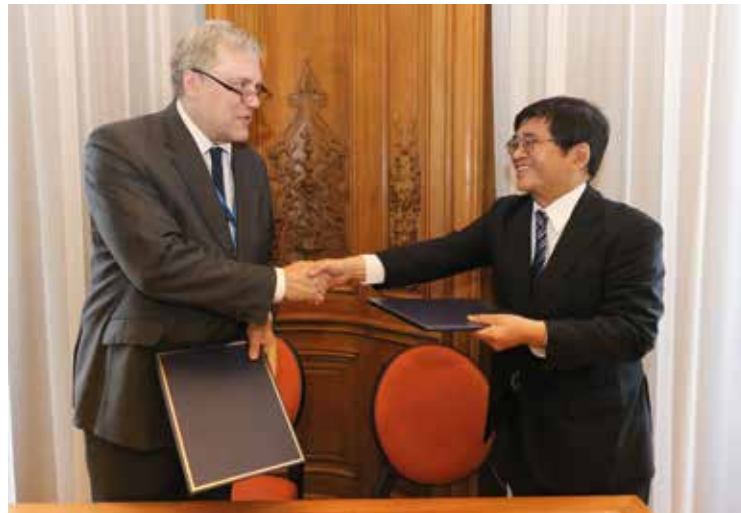
Photo: OECD/Maud Bernos



State needs to be reframed to take into account emerging challenges. Certainly, societal preferences and history will determine the shape and role of the State, as Members have very different views, but the reflection should be interesting and useful to them, without delivering “one size fits all” prescriptions. Drawing on the OECD’s Inclusive Growth Initiative, the recommendations and implementation of the new Jobs Strategy and the Future of Work and Going Digital projects, the work on Gender Economic Empowerment and Leadership Positions, as well as international initiatives where the OECD plays a key role, such as the Global Deal, the Equal Pay International Coalition, and the Global Coalition to End Child Poverty, the OECD can leverage its cross-sectoral experience and contribute to design a reinvigorated, more inclusive social contract. The recently held OECD Social Policy Ministerial in Montreal and the mandate provided by Ministers offer a great platform for the Organisation and our countries to rethink social protection systems, update them and adapt them to a changing context. Likewise, ongoing work on public sector innovation, openness, transparency and civic participation is critical for this process, as will be the implementation of a comprehensive OECD Strategic Approach to Combating Corruption.

### 3. Harnessing productivity and competitiveness:

Some countries have expressed concerns that our inclusiveness and sustainability agenda may come at the expense of the OECD’s traditional focus on promoting economic growth. We want to reiterate, once more, that this is not the case. Our research has shown that both inequality and environmental degradation can be detrimental to sustainable growth. At the same time, sustainable and responsible growth and wealth creation are key drivers of better lives, generating more opportunities. Therefore, one of our strategic priorities will remain to harness productivity improvements and increased competitiveness to support vigorous growth and jobs and wealth creation. The Global Forum on Productivity enables a rich dialogue on policies



Alar Streimann, Ambassador, Permanent Representative of Estonia to the OECD, and Masamichi Kono, OECD Deputy Secretary-General, at the Signing Ceremony with Estonia for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI), Paris, 29 June 2018. Photo: OECD/Andrew Wheeler

to boost productivity growth. We will continue focusing on the Productivity/Inclusiveness Nexus, supporting our Members in their efforts to foster both competition and competitiveness, as well as to harness existing resources to promote growth and well-being in the context of the digital economy, in particular by tapping the large pool of existing savings to invest in education and skills. We will promote investment in sustainable and quality infrastructure as a way to improve productivity and support continued prosperity, while minimising adverse environmental and social impacts. Besides improving the targeting and tailoring of our assistance to countries on their structural reforms, we need to get closer to the reality of specific communities for which generic policy recipes may not work, identifying how they can connect better with the opportunities offered by the global economy and the digital transformation. We will continue to strengthen the links between the competitive and inclusive growth agendas, as well as the green growth agenda, and advance our research on how the financial system can best contribute to the rest of the



Emmanuel Macron, President of France and Angel Gurría, OECD Secretary-General at the 2018 OECD Ministerial Council Meeting, Paris, 30 May 2018. Photo: OECD/Salomé Suárez

economy and on how future crises can be averted. We also need to work with other relevant actors to ensure that the Intellectual Property Rights system strikes the right balance between incentivising innovation and ensuring benefits for the wider society.

- **What's next?** The advancement of a consolidated agenda to provide more targeted support to countries to implement structural reforms is a key element in our productivity and competitiveness agenda; it should help bridge policy recommendations and encourage effective reforms. The work derived from the recent SME Ministerial will provide us with the basis to advance a meaningful agenda in this important policy area, including reforms, framework conditions and targeted policies to enhance the productivity

and competitiveness of SMEs; we should continue enhancing our work with firm-level data. We should also refine our tools and analysis to help foster new businesses and to ensure that the most innovative firms find the resources needed to flourish, including through effective market regulations that enable competition, trade and the reallocation of resources. A greater closeness to countries' realities will also enhance the impact of our work at the local level, especially as we focus more on the local drivers of entrepreneurship and job creation. Addressing the geographies of discontent is also of utmost importance. As voiced by many Members, there are specific economic activities like tourism, where the OECD should ensure that their potential as engines for growth and local development is maximised. Through our new horizontal project on Strategic Policies for Sustainable Infrastructure, we should also sharpen the OECD's capacity to assist in mobilising long-term investment and more efficient capital allocation towards sustainable and quality infrastructure projects that improve people's well-being and reduce environmental degradation.

**4. Preparing for the digital transformation:** The completion of our Going Digital project is paramount. But it is only the beginning of an Organisation-wide effort that should translate into better policies for a fundamentally different world from the one that we have known until now; and all in an unprecedentedly short time span. Understanding the benefits and challenges that the digital transformation is bringing to our economies, societies and lives should help lay the foundation for a Herculean effort of anticipation and preparedness by governments. Extending our mandate to work in this area is a priority which should both maintain the momentum through continued coordination and help us develop new horizontal products like a "tool kit" of policies. Issues around the impact of automation in jobs, the tax challenges arising from the digitalisation of our economies, privacy and security in the digital age, the effect of digitalisation on competition, or the usage and regulation of artificial intelligence

and blockchain technologies underscore how rapid developments can quickly overtake the policy agenda. Artificial Intelligence, gene editing and several other technologies underpinned by the digital revolution are next in line. The OECD, along with policy-makers and other international organisations, must help streamline decision-making processes and international coordination to drive digital transformation toward growth and well-being and help facilitate agreement on how to tackle specific issues affecting our present and future. Our Organisation cannot be on the sidelines of such debates, and should continue to connect such transformation across different policy areas and provide policy-makers with new tools to harness them. We must also ensure that the digital economy serves all people and firms. To do so, we need to sharpen our capacity to deal with new risks, including those related to digital divides and security aspects related to the Internet of Things, while better understanding how to maximise the transformative power of the new economy. Our work needs to unleash the potential for innovation in our economies and societies, while addressing at the same time potential ‘global bads’ related to digitalisation, like cyber-attacks or new venues for crime and corruption.

- **What’s next?** Besides remaining ahead of the curve on our measurement, research and analysis on innovation and how digitalisation is transforming our world, the adequate coordination and cross-fertilisation of our Jobs and Digital Strategies will be essential for the OECD to deliver at its best. The next steps will entail the implementation of these Strategies at the country level, in a similar way to what we have done with the Skills Strategy. Along these lines, we should continue to be a leading reference on how to equip people and firms with the education and skills they need to adapt and thrive in a rapidly changing world of work, through lifelong learning and the acquisition of the global, social and emotional competences necessary to live fulfilling lives. The development

of a global competence framework and the emphasis on early childhood education will remain essential. Beyond more and different skills, the technological transformation will require us to reassess whether our labour market regulations and our social protection systems are still able to operate well or whether they need restructuring. The establishment of the NAEC Innovation Lab and an Observatory on Emerging Digital Technologies (including artificial intelligence and blockchain) will contribute to better understanding the complexity and interaction of our economic, financial, social and environmental systems. A greater focus on privacy and data protection will be key in order to build trust in digitalisation; similarly, we will continue focusing on how to foster digital infrastructure through financing and the role of the public sector. The deepening of our strategic foresight capacity and its integration and mainstreaming into all our streams of work remains a priority to make the OECD more useful and relevant in the digital era.

**5. Levelling the playing field:** A fair and inclusive globalisation is one in which all actors abide by the same rules in a principled playing field. We need to understand the frustration of countries and firms when they feel that competition is unfair, as well as that of citizens when they perceive the system sometimes may benefit specific groups. In the current context, the OECD’s role in supporting efforts to level the playing field is more important than ever. Multilateral standards, as strong and universal as possible, are the best possible solution, and the OECD remains a privileged setting that can help support and broker them, drawing on its expertise, its convening power, and its existing instruments to build widespread consensus. Better understanding how business conditions and targeted policies impact firms, in particular SMEs, can help governments ensure that all businesses operate on an equal footing in a globalised economy. But levelling the playing field relates not only to the fair competition between countries and companies; it also applies



to the duty that businesses, like individual citizens, have towards societies: as tax payers, as responsible actors and as models of conduct. By consolidating and complementing its existing work and instruments on anti-corruption, competition, SOEs, corporate governance, due diligence in supply chains and responsible business conduct, as well as on the “dark side” of the economy (illicit trade, cybersecurity, economic and financial crimes, other illicit financial flows), the OECD can help redefine the role of business in the global economy, and its responsibility towards society at large.

- **What's next?** The next few years will be critical to ensure that different approaches to cross-border trade and investment can be addressed through multilateral channels, in order to avoid a loss of wealth and opportunities for progress. Thus, our efforts should focus on strengthening existing mechanisms to resolve disputes and address imbalances rooted in unfair competition, including harmful subsidies or state interference. Addressing

the issue of excess steel capacity through the Global Forum and extending this mechanism and the lessons learned to other sectors facing a similar challenge should remain a priority. The adoption and implementation of the OECD guidelines on SOEs by more countries, as well as our guidance and recommendations on how to ensure competitive neutrality between public and private businesses, are also paramount. We should strengthen the National Contacts Points under the OECD MNE Guidelines. We should redouble our efforts to improve the level playing field for international trade and investment and its fairness, highlighting the role of trade-distorting support across a number of sectors and working with governments to find solutions in line with our work on the Global Forum on Steel Excess Capacity. A freer, fairer and more open rules-based international system, coupled with domestic policies that promote competition, innovation, opportunity and, overall, more inclusive growth, is critical to build public support for multilateralism. Advancing transparency on



📍 OECD Global Forum on Development: The Power of 4 Billion, Paris, 5 April 2018. Photo: OECD/Andrew Wheeler



📍 Laurence Boone, OECD Chief Economist, at the presentation of the *OECD Interim Economic Outlook* in Paris, 20 September 2018.

Photo: OECD/Hervé Cortinat

beneficial ownership across jurisdictions will complement the contribution that our Organisation is making through Automatic Exchange of Financial Account Information (AEOI) and Base Erosion and Profit Shifting (BEPS) to level the playing field among tax payers, both individuals and businesses. The recently created OECD Global Forum on Digital Security and Prosperity and future work on the Anti-Bribery Convention, illicit trade and illicit financial flows will also be instrumental. The advancement of an SME agenda will also provide governments with a platform for coherent action on SMEs and a menu of policy tools to level the playing field for firms.

### **ENGAGEMENT: What are the transformations that the OECD needs to undertake to deliver at its best?**

The OECD can contribute to improve multilateralism both through its substantive work and its underpinning of institutional arrangements and processes to make international co-operation more agile and effective. But ultimately, it will be the transformation of the Organisation itself, adapting to new needs, that will determine its ability to deliver for our countries. The key word here should be engagement, and four principles should guide this OECD transformation going forward:

#### **Four principles**

- 1. More engagement with Members**
- 2. More engagement with Partners**
- 3. More engagement with stakeholders**
- 4. More engagement within the Organisation**

**1. More engagement with Members:** The OECD is at the service of its Members and we need to ensure that our work is of the utmost relevance and usefulness to them. Working for Members and with Members and listening to their needs and requirements will continue to be our priority. More than 80 percent of the travel and missions

undertaken by the Secretary-General is to Member countries. We will focus on reinforcing the regular exchange with delegations, and further capitalise on their role not only as representatives of their governments at the OECD, but also as spokespersons for the Organisation in their respective countries. Members have given guidance on the need for the Organisation to sharpen its effectiveness, and we will continue our efforts to deliver value for money while safeguarding the financial ability to respond to increasing demands with the quality and credibility that characterises our work. It is vital to the future of the Organisation that we proceed with the ambitious external independent Evaluation of the OECD in which we have embarked, reviewing in detail the efficiency and effectiveness of our governance, priority setting mechanisms, oversight systems and working methods. We will work closely with Members in this endeavour and implement recommendations that will further assist in improving the OECD.

**2. More engagement with Partners:** The constant upgrade and refinement of the OECD's global relations remains a key driver in advancing our Organisation's relevance in an increasingly interconnected world. Besides my proposal to further leverage the OECD's transformative power by consolidating regional hubs, completing the accession processes of Colombia, Costa Rica and Lithuania, and providing a clear answer to the 6 countries that have requested OECD membership remains our short-term priority. Recent developments also open up a new window of opportunity with the four remaining Key Partners —China, India, Indonesia and South Africa — involving increasingly ambitious programmes of work “with a view to possible membership”. In light of the successful implementation of the first wave of Country Programmes, new Country Programmes should also be considered when possible with a view to enhancing the reach and impact of our standards. It will also be important to leverage the capacity of the Development Centre to expand our substantive engagement with developing and emerging economies.

**3. More engagement with stakeholders:** Enhancing our outreach and dialogue with key stakeholders beyond national governments is one of the pending areas in which we should concentrate further, based on our regional and local community work. We need to redouble our efforts to talk more to other branches and levels of government, to social actors (businesses, unions, NGOs, foundations, philanthropies and others) and, even more importantly, to citizens at large, especially those who feel left behind. In our communication with stakeholders and citizens, we need to prescribe less and listen more, using simpler and non-technical language and reflecting their personal stories in our work. We need to review the effectiveness of the existing institutional channels to bring different voices to the OECD, and further capitalise on technology and new platforms and formats to engage in mutually enriching conversations. Building on the experience in some substantive committees, we should explore the options for eventually establishing a civil society advisory

committee to the OECD. Besides the “who”, we need to thoroughly review the “what” and the “how” we communicate, and carry out a considerable effort to streamline and reduce our outputs, improving our ability to weave narratives together as part of comprehensive and cohesive campaigns. We also need to consider the “where”, recognising that in improving our engagement and the resonance of our messages beyond traditional audiences, we may need to venture beyond capitals, responding to the “geography of discontent”. Equally, while the OECD has undergone an enormous transformation in the past decade, its perception among the larger public is still anchored in old preconceptions. Thus, engaging in an active effort to update the image of the OECD to better reflect the current reality of the Organisation — focused on people’s well-being and open to new narratives on progress — should be one of our priorities. We will continue upgrading our communication tools and platforms, especially digital ones, while giving priority to the measurement of real impact.

➤ Angel Gurría, OECD Secretary-General, speaks at the launch of the Business for Inclusive Growth (B4IG) platform with Jeffrey Sachs, Director, UN Sustainable Development Solutions Network; Gabriela Ramos, OECD Chief of Staff and Sherpa; and Emmanuel Faber, Chairman & Chief Executive Officer, Danone. Paris Peace Forum, 12 November 2018.  
Photo: OECD/Maud Bernos





#### 4. More engagement within the Organisation:

The call for further engagement also applies within the OECD Secretariat, where enhancing horizontality, reinforcing common objectives and dismantling policy silos will help us make the most of our multidisciplinary expertise, improve our ability to tackle interconnected issues and ultimately deliver policy impact. Only by doing so can we support governments in breaking their own internal policy silos and better account for the growing complexity and interconnectedness in their economies and societies. Fostering incentives for horizontal activities, favouring joint postings between directorates and harnessing technology for cross-directorate project management and data sharing will be very important. We will also continue leveraging the flexibility that thematic centres can bring to spur new areas of work that tap into our multidimensional expertise. Completing our internal digital strategy and several initiatives to further improve the security, quality and sustainability of our tangible and intangible assets will be paramount.

We will also ensure that the OECD remains a reference of open, transparent and fair management, continuously updating our administrative and financial systems, human resources policies and packages and oversight frameworks. Focusing on the effective and efficient running of the Organisation, our ability to attract and retain talent and fostering diversity and inclusion is the best way to ensure that we continue delivering for our countries.

\*\*\*

The growing disaffection towards multilateralism is a corollary of the dissatisfaction with the outcomes of globalisation that we discussed at last year's MCM. In both cases, rejecting criticisms and reiterating the many benefits that globalisation and multilateralism have brought will not be enough. Instead, we must take these challenges seriously and respond to them. At this critical juncture, the OECD must be part of a broader effort to bring about a revitalised multilateral system. We have an important role to play in restoring trust in multilateral organisations and processes, ensuring that the benefits derived from their activity are tangible and widely shared. Few institutions are better placed than the OECD to advance proposals that can help make globalisation work for all. Sluggish growth in household incomes, an inadequate volume of quality jobs, persistent inequalities, the entrenchment of relative deprivation across generations, damaging financial crises, environmental degradation, the poor integration of migrants – all these problems (and others) can be addressed in part through improved multilateral co-operation, and all are within the remit of the OECD. The OECD is ready to work hand in hand with its Members, Partners and the wider international community to show that a new, reinvigorated multilateralism can bring about better policies for better lives. ■



Angel Gurría, OECD Secretary-General (right), welcomes Kailash Satyarthi, Nobel Peace Prize laureate and Founder of the Kailash Satyarthi Children's Foundation, as part of the Coffees with the Secretary-General series. OECD, Paris, 12 March 2019. Photo: OECD/Victor Tonelli

## 2018 Ministerial Council: Chair's statement

On 30 and 31 May 2018, the 2018 OECD Ministerial Council Meeting (MCM) met under the Chairmanship of France and the Vice-Chairmanships of Latvia and New Zealand to discuss “Reshaping the foundations of multilateralism for more responsible, effective and inclusive outcomes”.

All Members congratulated Colombia and Lithuania for the successful conclusion of their accession process and the signature of their accession agreements to the OECD. They looked forward to welcoming them as full Members of the OECD.

It is the understanding of the Chair that a consensus minus one among Members was reached on the following statement:

- They recognise the importance of multilateralism as a factor for shared peace and prosperity by enhancing dialogue and international cooperation. It has recently paved the way for concrete advances in different areas and in institutional settings: the Paris Agreement, the adoption of the 2030 Agenda and the Sustainable Development Goals (SDGs), the WTO Agreement on Trade Facilitation, the



results of the G20 in many areas, and with the OECD, the reforms of the international tax system, such as the Inclusive Framework on Base Erosion and Profit Shifting (BEPS), and the Global Forum on Steel Excess Capacity.

- They share the conviction that multilateralism is the most effective mode of international cooperation to address global issues, preserve public goods, level the international playing field and contribute to the search for common, sustainable and ambitious solutions to today's challenges.
- Nevertheless, they also recognise the need to remedy some of its limitations and shortcomings with a view to make it more effective and responsive. Today's global economic, social, labour and environmental challenges call for a renewal of the ambitions, methods and instruments of multilateral action.
- In this “reshaping of the foundations of multilateralism”, they reaffirm that the OECD must play its part. They are confident in the role of the Organisation to contribute to the development of the world economy, as mentioned in the OECD Convention, which expresses Members' collective determination to promote the highest sustainable growth and improve the economic and social well-being of their people by cooperation and consultation. Today, the Organisation's evidence-based analysis, peer learning and peer review approaches, coupled with its links with other global fora, can help Members and Partners build a better multilateralism, with targeted, effective, pragmatic and innovative solutions to global challenges. They call on the OECD to step up its engagement to: (i) produce evidence-based policy recommendations; (ii) promote a level playing field including through high-quality standards and spreading best practices; and (iii) support multilateral fora to deliver practical results.

## 1. FOSTERING MORE INCLUSIVE GROWTH AND ADDRESSING INEQUALITIES WITHIN COUNTRIES

- They are convinced that increased productivity, continued economic growth and providing fair opportunities for all are the most effective means to raise prosperity and well-being. This growth should be strong, sustainable, balanced and inclusive. Further structural reforms, supportive macroeconomic policies, along with open markets and increased trade are key engines for growth and job creation, but may not be sufficient to create good quality jobs and enable well-being for all.
- They support further efforts to address the growing inequalities in many countries, and to work towards ensuring that globalisation leaves no-one behind. They recognise the role that multilateral action and cooperation play to help promote inclusive growth and sustainable development and improve national public policies. They wish to make progress in advancing productivity and inclusiveness simultaneously, along three pillars of action: (i) promoting opportunities that foster economic and social mobility, including for the most vulnerable; (ii) efficient and fair tax and transfer systems that incentivise and drive growth that benefits all; (iii) open and efficient markets that also encourage responsible business conduct and enable growth that works for all.
- They welcome the OECD new Framework for Policy Action on Inclusive Growth and its application through relevant cross-disciplinary analysis and country-specific studies in interested countries. They ask the OECD to provide recommendations that promote inclusive growth at the global and domestic levels. They ask the OECD to continue efforts in evaluating the private sector's contribution to inclusive growth, and if appropriate to design new indicators in this respect, as well as to research the effect of business practices on inclusive growth.



- They welcome the outcomes of the OECD Ministerial Conference on Social Policy, and the ambitious future work that Ministers invited the OECD to consider carrying out in this area. Faced with globalisation, technological progress, population ageing, increasing inequalities in many countries, changes in the world of work and in the household structures, many social protection systems will need to be modernised and provide people with the necessary support.
- They welcome the OECD's New Jobs Strategy, which provides a framework and recommendations to assist countries in addressing growing income inequalities and low productivity growth as well as in achieving stronger labour market performance for both men and women, in the context of the digital transformation, globalisation and demographic changes. They support the Strategy's call for monitoring progress in implementation.
- They recognise that social dialogue lies at the heart of these transformations, and note the importance for some of their countries of the Global Deal initiative, carried out in cooperation with ILO. They take note of the recommendations set out in the Statements by the BIAC and TUAC for this MCM.
- They welcome the OECD Ministerial Conference on SMEs which marked an important moment for sharing good practices across countries and in informing a forward-looking, global policy agenda on SMEs and entrepreneurship. They welcome its Declaration on Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth.
- With a view to promoting the highest sustainable growth and employment, they encourage the OECD to continue deepening its work on productivity to support Members in accelerating productivity growth and to place the economic and social well-being of people at the centre of its work. They recognise that the OECD provides an important platform for multilateral discussions

in the following areas that have not yet received sufficient attention:

- Even though major progress has been made in regulating the financial sector since the 2008 crisis, they ask the OECD to develop its analysis of public policies that could encourage further development of the financial system in ways that promote inclusive growth.
  - Children's well-being is a key element of inclusive growth. Almost one child in seven faces poverty in OECD member countries. They therefore welcome the OECD's work on preventing inequalities in early childhood, including through education and care, and encourage it to continue to study this theme in collaboration with other international organisations.
  - Education and training policies must equip citizens with the knowledge and skills they need to live in a society undergoing digital transformation and changing nature of work. They encourage the OECD to continue its PISA and Program for the International Assessment of Adult Competencies (PIAAC) assessments, to develop its analysis of the high-level cognitive skills that are most in demand in the international competition for skills and talent, to strengthen its work on financial education and digital skills and to continue its work on lifelong learning as well as on the future of education and skills. They also call on the OECD to pursue work on learning performance in developing countries, including through PISA for Development. In this context, they recognise that providing girls with access to quality education and learning is crucial to promoting gender equality and inclusive growth.
  - They recognise that progress towards universal access to preventive and quality health care is important in reducing inequalities and they
-

support a One Health inter-sectorial approach. They encourage the OECD to develop its work on sustainable access to quality healthcare and innovative therapies, as well as on person-centred and value-based care and health systems and the socio-economic impact of physical activities and healthy nutrition.

- They recognise that access to affordable, sustainable and quality housing is essential to promote inclusive and sustainable growth. They encourage the OECD to strengthen its work in this area with a view to developing a comprehensive approach on housing markets and policies.
- They acknowledge the crucial role played by quality infrastructure with open and fair access in achieving inclusive and sustainable growth. They support the OECD in its project aimed at identifying policies for promoting investment in such infrastructure, especially focusing

on sustainability, including policies to create an adequate, regulatory, tax and competitive environment that also ensure integrity in investment.

- They await with interest the findings of the Horizontal Project “Ensuring the Effective Integration of Vulnerable Migrant Groups” and they encourage the OECD to continue its work on monitoring migration movements and promoting effective integration policies.
- They reaffirm that gender equality is first and foremost a human right, but it is also an engine for economic development as well as a driver of socio-economic participation and social cohesion. They welcome the report “The Pursuit of Gender Equality, An Uphill Battle” and encourage the OECD to integrate gender perspectives in all its work, including, for instance, by providing gender-disaggregated data throughout its statistical system. They acknowledge that slow and/or



OECD Forum  
“Meet the author”  
session with Tarah  
Wheeler on her  
book *Women in Tech:  
Take Your Career to  
the Next Level with  
Practical Advice and  
Inspiring Stories*,  
Paris, 29 May 2018.  
Photo: OECD/Andrew  
Wheeler

uneven progress has been made at the global level in narrowing the gaps between men and women, which in some countries have even grown wider. They therefore commit to reinforce their efforts to address persistent inequalities, including by adopting comprehensive plans and measures to mainstream and improve gender equality in line with the OECD Gender Recommendations.

## 2. THE OPPORTUNITIES AND CHALLENGES OF THE DIGITAL ECONOMY

- They agree that the digital transformation is bringing about fundamental and rapid changes which are a source of opportunities and challenges for all countries. They encourage the OECD to assess the impacts of this transformation and provide policy recommendations to help ensure broadly-shared productivity gains. They welcome the interim report on the Horizontal Project “Going Digital: Making the Transformation Work

for Growth and Well-being” and ask the OECD to leverage its analysis and recommendations in follow-up work and activities during 2019 and 2020.

- They recognise that the digital economy brings enormous benefits for consumers, through innovative new products and increased choice and competition. However, the benefits will not be fully realised unless governments take account of aspects of digital activities which can also create barriers to entry to, or reduce competition in, the digital economy. Increased relevance of network effects and economies of scale in digital sectors grant in some cases strong market power to a limited number of firms. Competition authorities need the right tools to intervene if there is evidence of these firms abusing their dominant position or restricting competition. In particular, they recognise that the digital transformation creates new issues for the interpretation and application of competition law and that these laws may need to be adapted. Given the intrinsically cross-border nature of the digital economy, they also recognise the need for close cooperation between competition authorities. They commend the efforts made by the OECD to promote such cooperation.
- They agree that increased cooperation to share analyses and best practices, provide guidance, develop standards, build trust and confidence in the online environment and minimise barriers to digital trade will help to ensure an open digital economy. In light of the incoming November report, they urge the OECD to pursue multistakeholder discussions on the possible development of principles that should underpin the development and ethical application of artificial intelligence in the service of people. They also ask the OECD to examine the possibility of designing principles to support open innovation in convergent technologies and in particular its application to neurotechnologies.



From left: Gabriela Ramos, OECD Chief of Staff and Sherpa; Jacinda Ardern, Prime Minister of New Zealand; and Angel Gurría, OECD Secretary-General, at the World Economic Forum, Davos, 23 January 2019. Photo: OECD



- 
- Furthermore, they encourage the OECD to step up its work on blockchain and related technologies, particularly with regard to non-crypto-assets applications, which can enhance the efficiency of transactions, identify the ownership of digital services and physical goods, and therefore help ensure, for example, the responsible conduct of firms in their supply chain. This work could include consideration of the uses of blockchain to improve government policies and programmes, questions concerning blockchain products and blockchain systems, including building trust in that technology, and the treatment of blockchain financial products in coordination with other international organisations currently working on this issue. This begins by research, fact finding and analysis, with a view to reaching commonly-agreed policy guidance, as appropriate, to support innovation while minimising major risk factors.
  - They recognise that the sharing and use of data, including its cross-border flow, is fuelling the digital transformation, international trade and economic growth, and increasingly driving countries' research, science and innovation systems. Data flows and free and open access to the internet are of major importance for the future of trade and for competitiveness, growth and job creation. They welcome work currently being pursued by the OECD to consolidate existing instruments and consider the further development of an instrument on access to data, which is adapted to the opportunities and challenges of today's data-driven economy, and welcome ongoing OECD's work on cross-border data flows. They support the free flow of information while respecting applicable legal frameworks for privacy, data protection and intellectual property rights, including against illegitimate source code disclosure. They recognise that these issues require further research, analysis and sharing of experiences by the OECD with a view to providing mutually-agreed solutions in the future.
  - Lastly, threats to digital security and malicious cyber activity are becoming increasingly common, with serious implications for Governments, individuals and private organisations. Strengthening the stability of the digital environment is a major and common issue for achieving prosperity and economic and social development. It is important to strengthen digital security measures for the entire supply chain, including taking into account the progress of Internet of Things (IoT). They intend to make additional efforts to reduce risks to digital security and to ensure confidence in the global digital ecosystem. To this end, they are committed to developing policies responsive to the changes in the digital world and consistent with the potential specific responsibilities of some actors from the private sector. They therefore call for the OECD to examine how to best devise public policies to improve digital security, as well as the roles and responsibilities of different actors in digital security and to share best practices with a view to devising possible recommendations that cover issues such as codes of conduct developed by and for companies. They welcome the recent establishment of the Global Forum on Digital Security for Prosperity, look forward to its inaugural meeting and follow up work and would welcome further coordination between the Global Forum and key partners, such as in the G20.
- 
- ### 3. ACTING TO COMBAT ILLICIT FLOWS AND CORRUPTION
- 
- They are aware that the interconnectedness of the global economy calls for enhanced multilateral action to combat corruption as well as organised criminal networks, illicit trafficking and illicit financial flows which relate to illegal activities. They support the work of existing OECD networks and other international organisations which lead on this issue which bring together enforcement authorities to combat corruption and organised crime at the international level. They welcome
-

the work of the OECD Task Force on Tax Crimes and Other Crimes which encourages inter-agency cooperation on these matters and is continuing to strengthen and expand capacity building programmes in Partner economies. They further acknowledge the important role of the OECD International Academy for Tax Crime Investigation in Italy in this regard. They also acknowledge the importance of the project of the Africa Academy on Tax and Financial Crime Investigation in Kenya.

- Acknowledging the Financial Action Task Force's (FATF) leading role in combatting illicit finance, and its role as the global standard setting body for anti-money laundering and combatting the financing of terrorism (AML/CFT), they recognise that illicit financial flows (IFFs) also reduce the resources available for domestic investment and sustainable development. They welcome the report on "Illicit Financial Flows: The Economy of Illicit Trade in West Africa". They call upon the OECD to further cooperate with the FATF to ensure meaningful and mutually supportive work to the shared challenges posed by illicit finance.
- They welcome the work of the OECD Task Force on Countering Illicit Trade, and encourage the finalisation of guidelines to promote transparency in free trade zones. They invite the Task Force to step up efforts to combat illicit trade and to reduce the potential scope of action of criminal networks involved in human trafficking, as well as the smuggling of migrants, the trafficking of protected species, counterfeit goods and cultural heritage.
- The fight against corruption plays an essential role in ensuring fairer globalisation. They underline the importance of promoting full implementation of the OECD Anti-Bribery Convention, and enforcement by all of its Parties of their foreign bribery laws implementing the Convention in order to ensure transparency and a level playing field. They recognise the importance of convincing non-Parties who are major exporters

and foreign investors to join the Working group on Bribery and adhere to the Convention. They look forward to the completion of the review of the 2009 Recommendation on bribery with a view to strengthening the implementation of the Convention.

- The OECD must adopt a more comprehensive approach to fighting corruption, mobilising all relevant instruments, including for public procurement, and public policy bodies, including authorities for tax, public governance, competition, development aid, trade and financial markets while reinforcing synergies with other international organisations. It is with this in mind that they welcome the development – with the support of the United Kingdom and Australia – and application, in line with existing mandates, of the strategic approach to fighting corruption and promoting integrity, which answers the call on the OECD in 2016 to adopt a more coherent approach to its work in combating corruption. These efforts may usefully be complemented through the development by the OECD of improved statistics and data to measure of corruption.

---

#### 4. FAIRER INTERNATIONAL TAXATION

---

- They recognise the essential role played by the OECD in promoting an effective multilateral approach based on cooperation in the field of taxation. Work on exchanging information and on preventing Base Erosion and Profit Shifting (BEPS) has helped jurisdictions to address large-scale tax avoidance and evasion.
  - They welcome the broad adoption of international instruments developed and established by the OECD, such as the Convention on Mutual Administrative Assistance in Tax Matters, and the new and ground-breaking Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS, which shall enter into force on July 1st, 2018. This has been an inclusive effort, with a
-

new institutional organisation currently bringing together on an equal footing 150 jurisdictions in the Global Forum on Transparency and Exchange of Information for Tax Purposes, and 116 jurisdictions in the Inclusive Framework on BEPS. They encourage intensifying the inclusion of developing countries in the tax transparency and BEPS Agenda, so they can participate on an equal footing in efforts to tackle international tax avoidance and evasion. The inclusion of many developing countries in the OECD's work on revenue statistics, now covering over 80 countries in total, is important for providing objective and comparable data to effectively mobilise and use domestic resources and to help achieve the SDGs.

- They welcome the interim report of the OECD/G20 Inclusive Framework on BEPS on the tax challenges arising from digitalisation. They note the OECD's analysis regarding interim measures. They are committed to work together to seek consensus-based solutions to uphold fairness in taxation and to avoid the risk of tax base erosion. They also note that the Inclusive Framework on BEPS would carry out this work with the goal of producing a final report in 2020, with an update to the G20 in 2019.

They encourage efforts to improve tax certainty, including through the practical tools for the prevention and efficient settlement of cross-border tax disputes. With respect to tax transparency, the OECD will develop recommendations on how to further strengthen the criteria for assessing jurisdictions' compliance with internationally agreed tax transparency standards, which are expected to be presented to the G20 Finance in July 2018.

- They welcome the OECD's role in and contribution to the work of the Platform for Collaboration on Tax. They note the Platform's first conference this year and its commitment to the G20 to develop a workplan by the Annual Meetings, and deliver a progress update by 2019. They support technical assistance on tax carried out by the OECD in developing countries, including through the Global Forum and Inclusive Framework and through the OECD/UNDP Tax Inspectors Without Borders Initiative, the aim of which is to help developing countries build capacity to audit effectively.

## 5. INTERNATIONAL TRADE AND INVESTMENT FOR STRONG AND INCLUSIVE GROWTH

It is the understanding of the Chair that:

- They are strongly attached to the benefits of open international trade and investment for growth, productivity, innovation, job creation and development, and the importance to promote a level playing field alongside with market openness and international economic cooperation to preserve and enhance those shared benefits.
- They agree on the crucial role of a rules-based, open, free, fair, transparent and inclusive multilateral trading system, with the WTO at its centre.



Angel Gurría, OECD Secretary-General, welcomes Iván Duque Márquez, President of Colombia, at the OECD, Paris, 12 November 2018.

Photo: OECD/Victor Tonelli



- They reaffirm their commitment to keep their markets open and continue to fight all forms of protectionism, while standing firm against all unfair trade practices, and the recognition of legitimate WTO-compliant trade defence instruments in this regard.
  - They reaffirm the need for the international community to deliver on the WTO call for reciprocal and mutually advantageous arrangements directed to the substantial reduction of trade barriers and to the elimination of discriminatory treatment in international trade relations.
  - They reaffirm their common determination to deepen cooperation within the OECD and with non-OECD countries to ensure the effective and timely enforcement of the multilateral trading system and to improve the functioning of the WTO with a view to strengthening its negotiating, monitoring and dispute settlement functions, notably by filling all current and future vacancies on the WTO Appellate Body.
  - They recognise the importance of open trade and investment for economic growth, and, at the same time, that globalisation has not benefited everyone. They stress that they need to strengthen international economic cooperation to help level the international playing field and promote trade and investment. Accordingly, they welcome the call for an integrated policy approach in the OECD's 2017 report on *Making Trade Work For All*, with a more modern, comprehensive and coherent package of trade, domestic and international policies in order to make the whole system work better for more people, and encourage the OECD to continue work in this field. They also support the OECD's work on digital trade, which is of crucial importance in the years to come. They emphasise the importance of continuing to balance on-going efforts to provide an evidence-base to inform better trade policies in line with established priorities, while at the same time calling for new analysis, on an urgent basis, to address current trade policy concerns related to distortions in international markets that contribute to global over-capacity in some sectors.
  - They share the view that severe excess capacity in key sectors such as steel and aluminium are serious concerns for the proper functioning of international trade, the creation of innovative technologies and the sustainable growth of the global economy. This is exacerbated by government-financed and supported capacity expansion, unfair competitive conditions caused by large market-distorting subsidies and state owned enterprises, forced technology transfer, and local content requirements and preferences. To address this critical concern, they agreed to enhance cooperation in the WTO and in other fora, as appropriate, to eliminate these and other unfair market distorting and protectionist practices.
  - They call for the urgent elimination of steel excess capacity and the subsidies and other forms of direct and indirect government support that cause it. They welcome the role of the Global Forum on Steel Excess Capacity, mandated by G20 Leaders and facilitated by the OECD, as the primary forum for collective action on steel excess capacity. They call for the full and prompt implementation of the recommendations adopted at the Ministerial meeting of the Forum in Berlin on 30 November 2017, including the identification of government support measures which contribute to excess capacity and development of time-bound steps for their elimination by June 2018. They encourage the OECD to continue to facilitate the Forum's work and stress the urgent need to avoid excess capacity in other sectors such as aluminium and high technology.
  - They agree on the need to develop more effective international rules to further address market-distorting subsidies and other forms of government support, including those provided to and by state
-

owned enterprises. They also urge the OECD to continue reviewing the range of government support policies that lead to market distortions, especially in the aluminium sector and to consider accelerating and expanding this work to other sectors, taking a value chain approach to identify the full range of support measures along the supply chains.

- They further encourage the OECD Working Party on Shipbuilding (WP6) to undertake the tasks agreed at its 126th session, among the WP6 Members and non-OECD major shipbuilding economies, to address market distortions in the shipbuilding sector.
- They encourage the OECD export credit bodies to continue their work in creating and maintaining a level playing field for official export credits and reiterate our support for the work of the International Working Group on Export Credits and call upon the Working group to accelerate this important work.
- They recognise that there are shortcomings in other areas which can affect the international playing field or weaken inclusive and sustainable growth. They ask the OECD to facilitate dialogue among Members and Partners and carry out analyses, which they may draw upon in designing trade agreements, on the links between trade policy and responsible business conduct, the environment, labour standards and women's economic empowerment. They call on the OECD to pursue its work on the cross-cutting integration of environmental issues, including in trade policies, so as to enhance the mutual supportiveness of trade and environment policies. In particular, they ask the OECD to pursue its analytical work on how to incorporate environmental objectives in relevant chapters and articles of trade agreements.
- They recognise the importance of fostering responsible business conduct throughout global supply chains, in order to contribute to sustainable development and to combat all forms of human exploitation, including child labour, forced labour and modern forms of slavery. They welcome the adoption of the OECD Due Diligence Guidance for Responsible Business Conduct. They undertake to actively promote the use of the OECD Guidelines for Multinational Enterprises and of the Due Diligence Guidance by firms operating in or out of our territories. They ask the OECD to continue its efforts to extend adherence to the Declaration on International Investment, which includes the Guidelines. They undertake to pursue work to promote the use of sector-specific OECD Guidance for Responsible Business Conduct in the fields of minerals, extractives, agriculture, garment and footwear as well as finance, and welcome the OECD's regular assessment of the awareness and implementation of these standards. They welcome continued efforts to strengthen the National Contact Points (NCPs) and they reiterate the 2017 commitment to having fully functioning and adequately resourced NCPs, and to undertake a peer learning, capacity building exercise or a peer review by 2021, with the aim of having all countries peer reviewed by 2023. They look forward to the report on progress made at the MCM in 2019.
- They reaffirm that international investment, which is an important source of inclusive economic growth, job creation and sustainable development, requires an open, transparent and conducive global policy environment. The OECD Code of Liberalisation of Capital Movements plays an essential role in this regard, and they welcome the requests from Partners meeting the requirements of the Code to adhere to the Code. They would also like the OECD to continue to promote sustainable international investment and to contribute to work and discussions on improving the international framework for protecting investment. In this context, they are concerned about government practices that force investors to transfer technology to local companies, and

government-driven strategic investments abroad. They recognize the need to address these issues to ensure a level playing field.

- They commend the work of the OECD to support competition authorities, identify good practices and to improve the tools of their cooperation in several areas, such as exchanges of information for investigations and the mutual recognition of decisions in some cases, all with the aim of ensuring that national competition laws are able to meet today's challenges.
- They acknowledge the importance of governments' efforts, including through relevant powers of national competition authorities, to ensure that government ownership and preferential treatment of firms does not cause market distortions. Given the growing international presence and market share of state-owned enterprises, they welcome the OECD's work on formulating better practices

and recommendations in this area. In particular, they refer to the ongoing work to prepare a worldwide transparency standard for state-owned enterprises. They encourage continued work on drawing up guidelines on fighting corruption and on the integrity of state-owned enterprises. They recognise the essential role of the OECD in the field of corporate governance to promote sound corporate governance frameworks and capital markets. They encourage both Members and Partners to improve their corporate governance frameworks in line with the G20/OECD Principles of Corporate Governance.

## 6. CLIMATE AND THE ENVIRONMENT

- They underline the urgency and importance of addressing climate change, which calls for determined and concerted action. To this end, they underscore that it is vital that a robust set of rules is finalised at UNFCCC COP 24 in Poland to make



Global Anti-Corruption and Integrity Forum, OECD, Paris, 27-28 March 2018. Photo: OECD



the Paris Agreement fully operational and note the significance of the Talanoa dialogue in 2018. They call for intensified action to achieve global peaking of greenhouse emissions as soon as possible and reduce rapidly emissions thereafter.

- In the context of the Paris Agreement, they welcome the OECD's work on assisting countries in their transition to a resilient low-carbon economy and to demonstrate the positive economic impact of investments in climate, in particular through the work on Investing in Climate, Investing in Growth and the longstanding work of the OECD/IEA Climate Change Expert Group.
- They underscore the importance of focusing on the fiscal and budgetary aspects of the transition through work on carbon pricing and the reform of inefficient fossil fuel subsidies that encourage wasteful consumption, as well as that of the work of the Paris Collaborative on Green Budgeting. They call on the OECD to continue to develop this work. They welcome the OECD's work on resilience, including on the distributional impacts of climate risks and the challenges of adapting to rising sea levels in coastal communities.
- They recognise the importance of mobilizing flows of both private and public financing to support the transition to a low-emissions economy including low-carbon efforts, climate-resilient development, sustainable use of water resources, and implementation of the 2030 Agenda for Sustainable Development. They support the important role of the OECD Centre on Green Finance and Investment. In order to speed up investment in key areas, they ask the OECD to undertake a review of efforts to develop harmonised definitions, standards and taxonomies for green assets and sustainable finance and to report back at the 2020 MCM, working in collaboration with the relevant stakeholders to harness synergies and avoid duplication. In the context of Article 2.1c of the Paris Agreement, they

ask the OECD to undertake a review of policies and actions to accelerate flows of green finance.

- They recognise the importance of integrated and efficient water resources management and encourage the OECD to reinforce its work on financing water infrastructure, including through work on economic instruments, recognising the importance of water-use efficiency, water allocation among sectors and the use of alternative sources of water, as well as management of increased precipitation, preventing, reducing and managing water pollution. They recognise the supportive role the OECD Council Recommendation on Water can play in this context.
- They recognise that biodiversity is a cornerstone of natural capital and that its conservation, sustainable use and restoration, including via sustainable agriculture, fisheries and forestry, are essential. They also recognise that the loss of biodiversity and the degradation of ecosystems and their services must be addressed with urgency. Within the discussions on the global framework for post-2020 under the Convention on Biological Diversity, which they want to be transformational, they recognise the need to ensure that further-reaching and more effective policies are implemented, and that biodiversity finance is focused on the programmes which contribute most effectively to the achievement of biodiversity related goals. They welcome the work being undertaken by the OECD to: (i) enhance the measurability of the post-2020 biodiversity framework; (ii) track, monitor and assess policies, including economic instruments and the reform of subsidies harmful to biodiversity; (iii) better understand and communicate the cost of inaction in the field of biodiversity; and (iv) reflect the economic value of biodiversity and ecosystem services, including the potential contributions of ecosystems and nature-based solutions to climate change mitigation and adaptation.

- They welcome the efforts undertaken at national and international level towards circular economy and resource efficiency. They welcome the OECD's work on reaching the 2020 target for the environmentally sound management of chemicals and waste and they call for an ambitious framework beyond 2020.
- They recognise that plastics are part of modern life, but that their economies still have a long way to go before the design and use of plastics becomes sustainable. They underline the need to fully understand, prevent and reduce the impact of plastics waste and the chemicals used in their manufacturing on the environment, especially in the oceans, and human health, and to adopt a life-cycle approach for plastics management. Building on earlier OECD work on Extended Producer Responsibility, they ask the OECD to undertake new work on the value chain of plastics with a view to reducing their impacts and maximising economic effectiveness of policy responses, and to pursue in greater depth its work into assessing chemical-related risks. They also ask OECD to conduct policy and economic analyses into incentivising more environmentally sustainable choices of materials. They welcome efforts made by countries to phase out or reduce single-use plastics. They welcome the work undertaken by the OECD to study the ocean economy in the light of the implementation of SDGs.
- They note that the General Assembly of the United Nations adopted on May 14 the resolution 72/277, "Towards a Global Pact for the Environment", with the support of a large majority of members, including all of them.

---

## 7. DEVELOPMENT AND SUSTAINABLE DEVELOPMENT GOALS

---

- They welcome the OECD's contributions to major international multilateral outcomes, notably the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda as an integrated part of it. They are committed to their successful implementation, including the pledge to leave no one behind, facilitated by the continued progress in applying the OECD Action Plan on the Sustainable Development Goals, and the targeted on-demand support provided by the Organisation



Angel Gurría, OECD Secretary-General (right), and Angela Merkel, Chancellor of Germany, at a news conference, Berlin, 11 June 2018.  
Photo: OECD/Hermann Bredehorst

---

for implementation of the Agenda at national level. They acknowledge the need to step up collective efforts to finance the SDGs. They commend the OECD's efforts to add greater detail to its data and analyses, especially on the transboundary effects of national policies. The OECD will continue to support the UN-led monitoring of the implementation of 2030 Agenda by leveraging OECD data and analysis. They also welcome further discussions on the Organisation's increased cooperation with the United Nations family of organisations.

- With regard to the implementation of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, they welcome the OECD's sustained efforts to collect data and establish innovative new frameworks for statistical measurements, such as the proposed measure of Total Official Support for Sustainable Development (TOSSD), currently in discussion. They welcome the reform of the Development Assistance Committee (DAC), and especially the focus on the impact of development and the mobilisation of funding. They encourage it to finalise current efforts to modernise its measurement tools and to consider further appropriate work to contribute to the realisation of the 2030 agenda. They reaffirm our respective ODA commitments, including those of us who have endorsed the UN targets of 0.7% of GNI for ODA spend and 0.15-0.2% for ODA spend on the least developed countries. They note the slight decline in total ODA in 2017 and the positive increase of ODA to least developed countries. They acknowledge the need to step up collective efforts to provide more of total aid to least developed countries and other countries most in need. They reaffirm the contribution of ODA to sustainable development, and acknowledge the need to expand the catalytic use of ODA in mobilising and leveraging the impact of additional financial resources, including from the private sector. They are pleased to see the OECD continue its efforts to develop a cross-cutting approach to sustainable development financing, including on domestic resource mobilisation, and to

continue to capitalise on its unique position regarding development finance. They recognise the role of the forthcoming Global Outlook on Financing for Development as well as the efforts to reach private sector partners and other non-governmental actors.

- The OECD, in particular through the DAC, the OECD Regional Programmes, and the OECD Development Centre, has maintained its commitment to developing countries in order to make further progress and help to establish pathways that promote poverty reduction and sustainable growth. They ask the OECD to continue to support ongoing dialogue to ensure that the tools of international cooperation, including appropriate support, partnerships and working frameworks, are fit for purpose, and for the challenges and vulnerabilities faced by countries, particularly least developed countries, as they transition through different phases of development. They recognise that middle-income countries also continue to face particular development challenges in specific areas.

## 8. TOWARDS MORE RESPONSIVE, EFFECTIVE AND INCLUSIVE MULTILATERALISM

- They understand that the ability of Governments to act in an interconnected world is based, among other things, on their understanding of these connections and the concomitant benefits and challenges, and they invite the OECD to strengthen its leadership in this field. In this context, they ask the OECD to sharpen the measurement of flows of intangibles. They encourage the Organisation to take further its analytical and statistical evaluation of the role played by multinationals. They call on the OECD to give priority to the measurement of digital flows between and within countries and to gain a greater understanding of the role of data in our economies and societies.
- They remain committed to an Organisation that is open to new ideas and new partners. They welcome collaboration with all those countries interested in



sharing knowledge and expertise, promoting reform, and contributing and adhering to OECD standards. Against this background, they underline the importance of the OECD's global relations, including its relations with Key Partners (Brazil, China, India, Indonesia and South Africa), regional programmes (EURASIA, LAC, MENA, SEA, SEE) and the country programmes (Kazakhstan, Morocco) that all play an important role in disseminating the OECD standards, good practices and recommendations. They note that the OECD accession process can be a powerful instrument for promoting domestic reforms. They welcome the launch of the Country Programme for Thailand, as well as a deepening of the strategic relationship with Southeast Asia, the strengthening of the relationship with Key Partners, based on the principle of mutual benefit, and the further progress of regional programmes. They encourage further progress in the OECD's engagement with Sub-Saharan Africa.

- They welcome the OECD's efforts, particularly to spread its standards through G20, G7, APEC, ASEAN, the Pacific Alliance, and other global and regional fora and to advance in these fora

discussions on issues of global relevance, including taxation, excess capacity, trade and investment, structural reforms, jobs and gender.

- They encourage the OECD to increase its engagement with local authorities and civil society, especially the private sector, research institutions, business organisations, trade unions, youth organisations, and think tanks. Drawing further on outside expertise could enhance the quality of OECD analysis and policy recommendations. They encourage the OECD to consider appropriate ways to achieve this, based on the experience of its committees and its other practices, and to report to the 2019 MCM on this.
- As multilateralism moves forward, it must do so in step with regional and local territories, their local authorities, development actors and the local population. They wish to see this new approach helping regions to both reap greater rewards from and contribute more to the economic flows facilitated by multilateralism. They therefore welcome the Champion Mayors for Inclusive Growth initiative and the establishment of the Platform of Business for Inclusive Growth. They



OECD International Forum on Migration Statistics 2018, Paris, 16 January 2018.

Photo: OECD/Marco Illuminati

commend the OECD for its contribution to the Habitat III conference and to the work behind the new urban agenda. They support the idea underlined by the OECD that cities and regions are important actors in driving the success of international outcomes such as the Sustainable Development Goals, the Sendai Framework for Disaster Risk Reduction 2015-2030 and the Paris Agreement. On this regard, they welcome the OECD work currently underway promoting a whole-of-government approach to tourism.

- They recognise the importance of sharing best practices, peer reviews and international standards for the functioning of an increasingly interdependent world and they commend the OECD for its role in this. They look forward to the implementation of the second phase of the standard setting review. They call on the OECD to continue examining its existing standards in key fields, assessing existing gaps in coverage or implementation, and proposing to its Members new areas for standards development when necessary.
- In order to make multilateral action more effective and to meet cross-cutting global challenges and build more inclusive and sustainable growth, they encourage the OECD to take a more cross-disciplinary approach to its work, including in its standard-setting. They encourage the OECD, in collaboration with other international organisations, to continue to identify good practice for effective regulatory cooperation at bilateral, regional and multilateral level. They also encourage it to consolidate its role as a reference organisation for the creation of standards relating to business integrity and responsible business conduct and for increasing the awareness and understanding of these standards by businesses.
- In order to improve the effectiveness of its work, notably in order to establish a level playing field, they encourage the OECD to continue promoting adherence to OECD standards beyond OECD

Members, as appropriate, and developing its work on better policies and best practices that benefit economies beyond its membership.

- While they acknowledge the success of the mechanisms used by the OECD for the implementation of its standards, especially the peer review mechanisms, they call on the OECD to reflect on ways to step up the monitoring of OECD standards' implementation by Members and Partners and to suggest possible improvements in this field. In this context, they ask the OECD to consider concrete action plans to improve the implementation of those standards considered central to the establishment of a level playing field, for example in the fields of corporate governance, the liberalisation of capital flows, anti-corruption, and responsible business conduct.

## 9. MANAGEMENT AND LEADERSHIP

- They welcome the Secretary-General's efforts to manage the Organisation most effectively, including by increasing staff diversity and gender balance, and the recent advancements on evaluation, value-for-money, audit and horizontal projects. They encourage the Secretary-General to maintain the drive towards continuous improvements in the transparency, management and operations of the Organisation so that the OECD is recognized as being at the leading edge in these fields.
- They acknowledge the role of the Secretary-General in proposing new initiatives, including in his Strategic Orientations, for further consideration by the Council. They commend the Secretary-General on his efforts to enhance the relevance and impact of the OECD, and look forward to continuing our work together on delivering "Better Policies for Better Lives".
- They welcome the designation of Slovakia as the Chair of the MCM 2019. ■

# 2018 Global Strategy Group: Chair's summary

19-20 November 2018, OECD, Paris

Participants from 43 countries, as well as, for the first time, representatives of civil society (during the plenary in Session 2), engaged actively in this sixth meeting of the Global Strategy Group (GSG), which was organised around the theme of “Promoting Innovation and its Dissemination to Shape the World of Tomorrow: From Local to Global Opportunities and Challenges”. The GSG was preceded by an event with a small group of representatives from civil society relating to the theme of the first day of the GSG, “fostering innovation for productivity, sustainability and inclusiveness”. Participants agreed that this topic, touching on nearly all of the OECD’s work streams, was of great relevance to the international policy agenda and the mission of the organisation. The exchanges and conclusions of this GSG will be a valuable input into the next Ministerial Council Meeting in 2019.

The Chair opened the meeting by recalling that innovation-led growth is key to addressing the challenges of our times. Indeed, there is a positive correlation between innovation performance and the development of an economy. She also underlined that expenditure in research and development is increasing worldwide. Furthermore, she recalled that both large and small countries can score high in terms of innovation if they have the right policies in place. She stressed that the future of work, including an adequate qualification of the workforce, is a tremendous challenge for all countries as well as the need to foster diffusion of innovation especially at the local level. She highlighted the essential role of the OECD on all the issues.

In his opening remarks, the Secretary-General started by highlighting that innovation and technological progress are essential for improving well-being and making our economic systems more sustainable and inclusive. He stressed the role of policy-makers in nurturing innovation and ensuring that it benefits all our citizens. He underlined that

paradoxically, our period of perhaps unprecedentedly rapid innovation has coincided with a slowdown in productivity growth, a loss of business dynamism in many OECD economies, and widening divides between leaders and laggards among both firms and regions. He observed that part of the problem is that innovation is increasingly concentrated in a small number of firms that lead on profits and productivity growth as well as R&D and other investment. He stressed that for innovation to continue delivering on its promise of growth and well-being, framework conditions that foster investment in innovation and favour openness to trade, robust competition and collaboration between firms, universities and research institutions, as well as strengthened skills and labour market policies remain valid. He also underlined that the new innovation reality requires new policy choices to address greater firm concentration due to winner-take-most dynamics, the growing importance of data for innovation and the new business models it creates, raising also privacy and ethical issues, especially related to Artificial Intelligence. He concluded on the need to act on spreading the benefits of innovation wider



for more inclusive growth, unblocking diffusion channels, maintaining effective competition, within and across borders.

The launch of the 2018 OECD Science, Technology and Innovation Outlook also provided a wealth of facts and policy insights that enriched the discussions. One key finding concerned the rise of new players in R&D such as the Nordic countries, and more recently China and Korea. The Outlook also provided evidence on how the role of government in R&D and basic science in OECD economies has declined with decreased direct public funding of R&D, while a relatively small number of digital multinationals have become increasingly important. Data have also become a production input, and artificial intelligence, is advancing swiftly, particularly led by big players in the private sector. The new role of data in innovation with large economic and societal impacts, and the fast paced innovation makes appropriate oversight by

policymakers difficult, so the Outlook calls for more anticipatory assessments, more collaborative engagement such as forming codes of conduct and creating public-private test beds and regulatory sandboxes.

Participants commented on the many opportunities arising from innovation and in particular the ongoing digitalisation. They also underlined the different funding models for innovation and the importance of setting conducive policy frameworks. They highlighted the need for more research and 'data on data', and a reassessment of the risks borne by different segments of society. They insisted on the challenges of digitalisation for traditional SMEs, and the need to maintain market entry. They also emphasised the importance of maintaining competition and the need to bring in new actors and reach out beyond traditional silos, invest in better skills and infrastructure, including broadband access.



Meeting of the Global Strategy Group, OECD, Paris, 11 December 2018. Photo: OECD/Hervé Cortinat



✎ José Graziano da Silva, UN FAO Director-General, and Angel Gurría, OECD Secretary-General, at the launch of the *OECD-FAO Agricultural Outlook*, Paris, 3 July 2018. Photo: OECD/Hervé Cortinat

The OECD, with its multi-disciplinary expertise, has an important role to play in many of these areas: as a forum to discuss best practices, a source of reliable cross-country statistics and a provider of analysis and policy recommendations.

### 1. FOSTERING INNOVATION FOR PRODUCTIVITY, SUSTAINABILITY AND INCLUSIVENESS

Discussions in this part of the meeting highlighted how innovation can drive productivity, sustainability and inclusiveness, while confronting a number of downsides of this particular wave of innovation.

The opening and dinner presentations by invited experts, the Secretariat and representatives from civil society emphasised the need for the

framework conditions for innovation to ensure that it is inclusive and that has positive impacts for all income groups. They agreed that it can be nurtured through quality education and research, and through open and reproducible science. As one of the experts, Professor Vetterli highlighted the importance of international openness, the autonomy of researchers and the cooperation with the private sector. As representative of the research sector, he also shared some challenges regarding digitalisation, thereby mentioning in particular access to data and the recruitment of suitable talents.

They also emphasised how innovation and new technologies can be leveraged to benefit the disadvantaged and those with disabilities (e.g. smart cities). However, they also underlined that

innovation may increase inequalities through its effects on the job market and wages, and uneven access to technologies, also holding back productivity growth and contributing to the “Nexus” effect by which most productive firms can attract high skilled workers, have access to capital and technology, while laggard firms remain behind. Low-skilled workers have much less possibilities to be considered for further training, and often training programs are not pertinent to their work. The Secretariat underlined that these outcomes, on the one side with high dynamic innovations and speed, and, on the other, with high inequality of access and opportunities call for a review of policies to ensure more sustainable and inclusive outcomes. The gender digital divide was presented as a case in point, as in the majority of countries analysed, women have less access to mobile technology, less access to capital, and innovate less. In the digital world, they are underrepresented in the STEM and ICT disciplines, as well as in the ICT sector in general and in the managerial level in particular. The Secretariat also confirmed, through analysis prepared for the G20, that software packages downloaded and developed in the cloud were mainly produced by male only teams. If the development of artificial intelligence reproduces gender stereotypes and will contribute to the broader gender divide; given the complexity of the technologies, it will not be easy to address. All this calls for policies that foster digital inclusion through skills and education systems and the labour market and that define an ethical approach to algorithms to ensure that humans remain in control of emerging and potentially disruptive technologies. In addition, the Secretariat emphasised rising concentration in the economy and mark ups, particularly in the digital sector and the need to better diffuse technology across the economy. The platform economy and big data call for a rethink of competition policy as well as the urgent need to accelerate the deployment of existing technologies and move the next generation of green solutions from the lab to the market.

Participants welcomed the opportunity to hear from civil society representatives about how innovation was affecting the lives of different sections of society, including those at greatest risk of being left behind. There was agreement that the OECD should continue to expand its engagement with civil society groups to ensure that these perspectives can inform its policy analysis and recommendations.

With innovation processes evolving rapidly, participants saw a need to review innovation policies to ensure that they remain fit for purpose. They also observed that data comprise a core input for many sectors, and that artificial intelligence (AI) provides large potential owing to growing computational power. Nevertheless, data also raise key issues about access, privacy and protection, and property rights. All sectors are potentially affected, but many participants picked out the health sector as one area where innovation for inclusivity and sustainability is particularly important.

On productivity and inclusiveness, participants reiterated the importance of promoting broad-based innovation, in light of the growing productivity divide across firms that contributes to holding back aggregate productivity growth, with consequences also on inequality through the dispersion of wages across firms and sectors (Nexus effect). They highlighted the importance of firm concentration in all fields, but particularly in the digital world, and the increase of mark ups that may signal increasing market power. They highlighted the importance to ensure that all firms, particularly SMEs can benefit from technological change, and become more innovative. Many participants argued that public R&D spending should be increased substantially to help achieve the sustainable development goals (SDGs). Sharing knowledge between levels of government and promoting interdisciplinary and transdisciplinary research would further support these efforts.

Participants recalled that innovation disrupts labour markets and creates demand for new skills, and noted that those with low levels of education face the highest risk of losing their jobs to automation. There is therefore a need to innovate and adapt policies in a number of areas including activation, social protection, skills, adult learning and social dialogue, to ensure that innovation does not lead to labour market exclusion.

Concerning sustainability, participants recalled that green innovation is critical for overcoming environmental challenges, driving the transition to a low-carbon economy and delivering on the Paris Agreement. They also reflected on the decline in environmentally-friendly innovation efforts between 2010 and 2015. In this spirit, the need for a high and stable price on pollution and carbon to drive green innovation was emphasised, as well as the need to foster the strategic use of public procurement to help diffuse green innovations.

Discussions were also held regarding the possible need to better regulate artificial intelligence, to upgrade infrastructure, to give greater access to data, to foster greater cooperation between the public and private sectors as well as academia on innovation, to renovate competition policies in the light of increasing market power in some sectors innovating fast, and on the types of SMEs policies that are needed.

Many participants highlighted that international collaboration is key to make innovation work for people and the planet. Japan, for instance, indicated that collaborating on inclusive and sustainable innovation will be central to its G20 Presidency. The French G7 will be also have the digital transformation and AI core to their agenda. Participants also mentioned technology transfers among countries and between the private and public sectors as concrete co-operation mechanisms to share the benefits of innovation.



Angel Gurría, OECD Secretary-General, welcomes Nana Addo Dankwa Akufo-Addo, President of Ghana, OECD, Paris, 31 October 2018.

Photo: OECD/Andrew Wheeler

Overall, participants concluded that good innovation policies are critical to ensuring growth is made more sustainable and inclusive. Governments play a crucial role in setting conducive policy conditions that stimulate innovation, such as legal certainty, good infrastructure, an agile education system and adapted labour market. The digital transformation comes with immense opportunities for all countries, people and firms but governments' role is to ensure that innovation is made in the best public interest. This also involves collecting new data and building new indicators on digital trends and assessing how they affect prosperity and people's well-being, which are key areas for the OECD's engagement and support. This round of innovation will require new policies at domestic and international level on which the OECD will contribute. The OECD will further the overall agenda, and particularly the measurement agenda through the OECD's Going Digital Project, which will enter a second phase in 2019, and help develop complementary work on AI, blockchain, and the implications of new production and data

---



revolutions. Participants noted that they count on the OECD to provide tangible policy roadmaps to help policymakers seize the opportunities of the digital transformation and ensure it results in better lives for all. They highlighted also the role of the OECD in fostering cross-country dialogue and easing public-private dialogue on the topic of innovation, as well as helping reinforce international cooperation.

The Chair highlighted three conclusions in regards to this session. First, she recalled the importance of data, including its potential but also its challenges, as for example accessibility. Second, ensuring inclusiveness of innovation is important. In this regard, skills and the structure of the labour market are key elements. Third, she mentioned chances and opportunities in the future, and highlighted the importance of the upcoming results of the OECD Going Digital Project. However, open questions such as the measurement of productivity in the digital sector remain.

## 2. ADDRESSING THE GLOBAL CHALLENGES OF INNOVATION

A recurring theme in this part of the meeting was the need for more international cooperation in a number of areas, including taxation, trade, competition and development. In all these areas, participants saw a role for the OECD in furthering that cooperation.

In its opening presentation, the Secretariat highlighted greater interconnectivity across countries, with increased trade and financial linkages, but more recently with increased data flows across countries. The presentation suggested a strong need for greater data on data and for international cooperation as present innovation trends cut across border and alter the classic notions of location, distance and jurisdictions. The Secretariat highlighted rising mark ups and rising concentration in many sectors, which may correspond to economies of scale and network effects at the global level. The Secretariat highlighted that this trend will

likely increase with the growing use of Big Data in the future.

The invited expert for the global challenges session evoked the potential of innovation to advance the SDGs and called for action based on cooperation, rather than competition and conflict. He also flagged some negative trends associated with the digital transformation, including growing inequality (both within and between countries), rising market and political power of certain large companies and the impact of digital technology in democratic outcomes. He called for policy action in a number of areas, including: making taxation more redistributive, reconsidering the definition of intellectual property, strengthening capacity-building in low-income countries, and boosting public-private partnerships in mobilising technologies (e.g. AI) for more sustainable progress in healthcare, remote sensing, environmental conservation or education.

Participants emphasised that innovation has consequences in a number of areas with cross-border ramifications. On trade, participants agreed that the digital transformation is creating opportunities for the diffusion of innovation, decreasing the price and increasing the variety of goods and services. They stressed the increased regulators' responsibility in this regard, the crucial need for more international coordination around the governance of global flows in data, goods and services, and addressing security and privacy concerns. They also emphasised the need for more data on digital trade including through the OECD digital STRI. On competition, some speakers noted the need for a better understanding of the causes and impact of concentration, and more international cooperation between regulators, including on competition, data protection and consumer protection authorities. The principles of transparency, proportionality and non-discrimination in regulation were also raised. On taxation, participants underlined the difficulty and

the urgency to address issues related to the taxation of the digital economy and the important role of the OECD project in this regard. They look forward to the OECD's results on taxation of the digital economy in 2019 and 2020.

Speakers saw a clear multi-dimensional role for the OECD to address the global challenges of innovation. To begin with, the OECD can help to improve

the measurement of the cross-border gains and challenges arising from new digital technologies and services for well-being. The OECD can also contribute to advancing the understanding of digital trade and to identifying a global solution for overcoming the challenges of digital taxation and move forward with different actors on addressing the issue of concentration. Yet another role for the OECD is helping to develop international guidelines or



principles relating to the digital transformation and data, focusing on openness, privacy and security.

The Chair concluded this session with three key take-aways. First, she highlighted the need to ensure that the digital transformation produces inclusive outcomes, and that both big and small firms have opportunities in the digital market. Second, the Chair recalled that there remain challenges due to

the rapid technological change and that domestic issues become increasingly global. Some of these issues remain open for future discussions. Third, she stressed the important role of the OECD in this context, which can contribute valuable research, policy advice in various areas including measurement of digital trade, ensuring competition and competitiveness, international taxation and fostering innovation to achieve the SDGs. ■

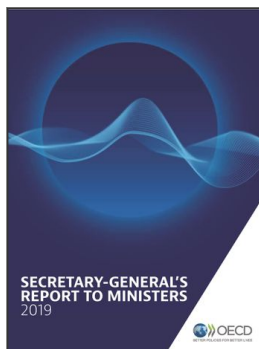


OECD Global Forum on Competition, Paris, 29 November 2018.  
Photo: OECD/Victor Tonelli

Angel Gurría, OECD Secretary-General, and Dr Abdulrahman Al Hamidy, Director General and Chairman of the Board, Arab Monetary Fund. Paris, 4 September 2018.

Photo: OECD/Andrew Wheeler





From:  
**Secretary-General's Report to Ministers 2019**

**Access the complete publication at:**

<https://doi.org/10.1787/d4b4a55c-en>

---

**Please cite this chapter as:**

OECD (2019), "Ministerial Council Meeting", in *Secretary-General's Report to Ministers 2019*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/fa98dd60-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.